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TO AMEMBASSY ACCRA

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

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E. O. 11652 XGDS

TAGS: EFIN, EAID, GH

SUBJECT: GHANA DEBT - DEPASSTSEC SMITH DISCUSSIONS
THE HAGUE AND LONDON

REF: ACCRA 1169

1. IN ORDER TO KEEP INTERESTED PARTIES INFORMED, HERE IS
BRIEF SUMMARY SMITH DISCUSSIONS THE HAGUE AND LONDON,
MARCH 5 AND 6, RESPECTIVELY, RE DUTCH AND BRITISH ATTITUDES
TOWARD GHANA DEBT AND RELATED MATTERS.

2. SMITH MET IN THE HAGUE WITH W. A. WINCKEL, CHIEF OF
EXPORT CREDIT AND INVESTMENT GUARANTEE, MINISTRY OF
FINANCE, AND G. H. LEDEBOER, DEVELOPMENT AID AND INTERNA-
TIONAL ORGANIZATIONS, MINISTRY OF FINANCE. SMITH
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DESCRIBED CONCLUSIONS HIS VARIOUS ACCRA CONVERSATIONS OF LATE FEBRUARY AND CONTINUING USG POSITION ON DEBT, PARTICIPATION AND AID MATTERS. WINCKEL WAS PARTICULARLY INTERESTED IN ONGOING INPUT OF IBRD AND IMF.

3. WITH RESPECT TO TERMS OF RESCHEDULING, WINCKEL SAID DUTCH WOULD NOT FAVOR LONGER GRACE PERIOD, SINCE THEY HAVE VERY SMALL PORTION OF SHORT- TERM DEBT AND LARGER SHARE OF MEDIUM- TERM. INCIDENTALLY, DUTCH FIRMS HAVE RECEIVED NO RPT NO REPAYMENT SO FAR ON SHORT- TERM.

4. ON PARTICIPATION, WINCKEL IMPLIED THAT PROBLEM FOR DUTCH FIRMS WAS MINIMAL.

5. WHEN SMITH ASKED WHETHER WINCKEL SAW ANY POSSIBILITY THAT CREDITORS WOULD BE UNABLE TO AGREE ON RESCHEDULING TERMS AND DECIDE TO " GO IT ALONE", WINCKEL EMPHATICALLY REPLIED THAT, AS IN ALL PAST DEBT NEGOTIATIONS, CREDITORS WOULD HAVE TO AND WOULD SUCCEED IN REACHING AGREEMENT AMONG SELVES, IF GHANAIAAN RESPONSE PROVED NEGOTIABLE. HE ADDED THAT DUTCH IDEA OF REASONABLE SETTLEMENT DID NOT CALL FOR GETTING " POUND OF FLESH" FROM GHANA.

6. IN LONDON SMITH MET SEPARATELY WITH MARTIN LEQUESNE, UNDERSECRETARY FOR AFRICAN AND MIDDLE EASTERN AFFAIRS, FCO, AND THEN WITH GROUP CHAIRED BY JOHN WILSON, WEST AFRICA DIVISION, FCO, AND INCLUDING REPRESENTATIVES OF TREASURY AND ODA.

7. LEQUESNE, NOTING PROSPECTIVE RESPONSE FROM GHANA IN MID- MARCH, SUGGESTED TIME- TABLE WHICH WOULD PERMIT CREDITORS TWO OR THREE WEEKS TO REVIEW RESPONSE AND THEN MEET IN LONDON; HE SUGGESTED THAT, AS LAST OCTOBER, IT MIGHT BE USEFUL FOR SMALLER, STEERING GROUP TO MEET FIRST. RESULTS COULD HOPEFULLY LEAD TO SOME FORM OF DIRECT NEGOTIATIONS WITH GHANAIAANS UNDER IBRD AEGIS HOPEFULLY IN MAY OR JUNE. LEQUESNE PERSONALLY BELIEVES THAT CREDITORS, INCLUDING UK, WILL BE WILLING TO COMPROMISE ON LONGER GRACE PERIOD AND LONGER REPAYMENT PERIOD, EVEN THOUGH UK REMAINS CONCERNED OVER PARTICIPATION NEGOTIATIONS.

8. IN WILSON MEETING SMITH REVIEWED HIS ACCRA TALKS AND USG POSITION. THIS GROUP PUT MORE STRESS ON SLOW MOVEMENT LIMITED OFFICIAL USE

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OF UK PARTICIPATION NEGOTIATIONS AND HOW THIS WOULD AFFECT

UK POSITION ON DEBT NEGOTIATIONS. NEVERTHELESS, WILSON, TOO SAW SOME GROUNDS FOR OPTIMISM. AS WITH DUTCH, BRITISH WERE PARTICULARLY INTERESTED IN HOW IBRD AND IMF ARE RELATING TO GHANA AT THIS TIME.

9. CONCLUSION: THESE SOUNDINGS, TOGETHER WITH EARLIER TALKS IN ACCRA WITH WALLNER OF GERMANY (REFTEL) LEAVE IMPRESSION THAT, AS WE AWAIT GHANAIAAN RESPONSE, LEADING CREDITOR/ DONORS REMAIN OPENMINDED AND PREPARED TO REACH REASONABLE AGREEMENT WITH GHANA ON DEBTS. ROGERS

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